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THE
PEOPLE'S BANKS

OF GERMANY:

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THEIR ORGANIZATION UNDER THE RECENT LAW.

AN ABSTRACT OF THE PROVISIONS OF THE NORTH GERMAN "ASSOCIATION
LAW" NOW IN FORCE; MODEL FOR A CONSTITUTION OF A
LOAN SOCIETY, OR PEOPLE'S BANK, IN ACCORD-
ANCE THEREWITH;

EXTRACTS FROM A RECENT REPORT OF ⁷H. SCHULZE-DELISCH, ACTUARY OF
THE GERMAN SOCIETY UNION.

TRANSLATED BY

S. M. QUINCY,

OF THE SUFFOLK BAR.

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P R E F A C E.

IT is an undeniable fact, that the tendency of the gigantic development of modern industry has been very unfavorable to the prosperity of a class whose worth and solid value to a community can hardly be overstated ; viz., that of the independent artisan,—that is to say the working man who, under his own roof, or in his own workshop and subject to no employer, gains his living from the public by his handicraft. The impossibility of competing alone against the immense advantages possessed by industry in gross, backed by capital, is year by year crushing out these independent workshops, and sending their former owners to swell the ranks of the dependent employés of the vast establishments, whose failure may, temporarily at least, take the bread from hundreds of mouths. That this to a certain extent is inevitable, through the march of industry and the demands of the public, cannot be denied. At the same time, if any means can be devised to enable that industry, which has hitherto been independent of capital, to maintain as long as possible that independence, it is equally certain that a result favorable to the community will be attained. For the larger the proportion, among the working-classes, of those independent of the success or failure of great enterprises ; independent of the favor or caprice of employers ; and dependent only on their own industry, and the cunning of their

right hands, — the more may we hope for the continuance of those sturdy republican virtues on which our system of self-government rests.

It is believed that this problem has, in Germany at least, been solved by the adoption of this system of Associationship. Public and private charity or money assistance, however creditable to the givers, was found to be worse than useless. The classes whom it was intended to benefit came to regard it as their right, — as a sort of conscience money paid by classes from whom they had suffered injustice ; and it afforded no stimulus to industry or thrift. Therefore it was that the first banking institutions, founded on charity and not on the principle of self-help, invariably failed. Their capital was collected by gifts or gratuitous loans, was lent without proof of ability to repay, was received as assistance due from richer classes. The founders received, instead of thanks, increasing demands ; and it need not be said that such institutions, being without any true principle of life, soon fell.

But the invaluable lesson taught by the adoption of different principles — viz., those of associationship and self-help — has been, that the workman able and desirous to labor needs no charity nor any assistance whatever, save that which he receives from and reciprocally affords to his fellows. That by the discharge of his duty to the Society, which implies a certain degree of economy and thrift, he obtains in return facilities and advantages which enable him to look the world in the face, and to defy the capitalist to drive him or his industry out of the market.

The problem of establishing for this class of small mechanics and humble tradesmen a source of personal credit, whence the small loans and advances may be obtained without which industry alone cannot command success, has been regarded as incapable of solution without the intervention

of capital or State aid. This, however, is what has now been effected with a triumphant and continued success, which leaves no room to question the soundness of the system, by the Advance Associations or People's Banks of Germany.

The underlying principle upon which the whole association system rests, is expressed by the German word "*Selbsthülfe*," Self-Assistance. Charity, as such, forms no element therein. The workman or trader who has so far gone under as to make it improbable that he can help himself out sufficiently to repay the advance he receives, becomes at once "dead wood" for the Society, and must be, without hesitation or pity, excluded therefrom. He then comes under the province of charity, public or private. Associationship, in other words, will afford him the most valuable assistance in keeping his legs, but cannot undertake to pick him up after he actually goes down.

The two corner-stones on which, in Mr. SCHULZE's opinion, the edifice of the successful People's Banking Association rests are: 1. The "solidarity" or personal responsibility of all the members for the Society liabilities; and 2. The formation of a Society Capital in the form of "business shares," which are the property of members, and a "reserve fund," the exclusive property of the Association. The writer will not undertake to condense or repeat the explanations given in the following translations, but would say a few words in defence of the first principle,—that of "solidarity," to which it is foreseen the most determined opposition will be made in this country. The principal objections are reviewed somewhat as follows in Mr. SCHULZE's work on People's Banks hereinafter mentioned.

In the first place, the formation of a business capital by the contributions of members is too slow. A credit basis must be established which shall enable the Society to go

into the market, and obtain loans on equal terms with other institutions enjoying public confidence. And this same public confidence once acquired, members and others regard our "savings-chests" as desirable places of deposit for their economies; so that finally, as has often happened, more foreign capital is offered than it is at all safe to receive. To obtain, therefore, this position of credit and confidence, both in the classes of capital and labor, there is but one method; viz., the adoption of this principle of "solidarity" of *all the members for all the debts* of the Association. And that this does it, experience has proved beyond all expectation. On the other hand, that the great business efficiency thus given to our Societies is attended with some degree of risk is undeniable. But, should this lead us to abandon the principle entirely, we come at once to the story of the man who preferred a dull knife to a sharp one that he might not cut his fingers. The distinction is strongly drawn between our personal Associations, and the Association of capital as it appears in the form of a Stock Company. In the latter case, the sums contributed or subscribed for measure the respective liabilities. Upon the capital, not upon the persons, rests the responsibility for the company's engagements. Without this limitation of liability, the most important enterprises of our time would never be undertaken by private persons, for the millionaire who willingly risks his thousands, would never set his whole fortune upon the cast. Far otherwise with our personal Associations. What in the world can answer to creditors, at least during the first few years, except the general mass of the members with all their property? Who, from a really business stand-point,—and any other, such as patronage or benevolence, we emphatically reject,—would lend his money on the security of a Society fund *in futuro*,—in the seed, and of whose future growth nothing can be positively predicted. Limited lia-

bility, without a foundation of available capital, stands in the air. This foundation exists in the subscription for stock by great or small capitalists in a stock company,—not in our little contributions towards the slow formation of a “business share.”

But the reciprocal standing of each for the whole, in case the Society should fail, has been already proved to insure the offer of more outside capital than the Society requires. As might have been expected, most of the objections and scruples against the principle of “solidarity” have proceeded, not from the classes among whom and for the satisfaction of whose urgent necessities the movement originated, but from those of better means, who, struck with its success, now desire to participate in its advantages. These scruples are now, however, being rapidly overcome, and those of considerable means join our Societies, daily in greater numbers, convinced, as they are, that the actual danger is continually diminishing; 1st, By the formation of Society Funds, which is energetically forwarded; 2d, By a matured business experience; and lastly, and most especially, by the provisions of the recent law providing a means of distributing the loss among all hands should the Society fail. Care being taken to protect the Society against dishonesty of officers, by requiring satisfactory bonds and security, and in view of the simplicity of our banking business, held aloof from stock or gold gambling, practical men are daily deciding that the actual risk is not greater than in most other occupations of life, and should not deter them from joining the movement.

The good effect among the members, of the consciousness of this general “solidarity,” appears in the lively interest and zealous participation in the management of Society affairs: things cannot begin to go wrong without the fact being at once discovered. An *esprit de corps*, or pride in

the success of the institution in whose management one assists, is also created; and the business knowledge thus attained is most valuable in private affairs of the members. The author also considers the question of the duration of this responsibility. By the principles of German common law, and regarding our Societies as partnerships or business companies, the liability only existed for debts incurred during membership, and was not prescribed for about thirty years. By the present law, the member on entering a Society assumes all its existing debts, and *per contra* a lapse of two years after leaving the Society will extinguish his liability. The author admits that after the formation of a really considerable Society fund and reserve, the principle of limited liability may be introduced, the nature of the Society being changed from an Association of persons to one of capital; but until that time he regards "solidarity" as essential, and does not believe that the movement will be a success either in England or France without it.

It will be observed that our Societies undertake the reception of savings as well as the business of loans to members, and care must be taken not to confound a savings deposit with a contribution towards a member's "business share." Still, important as it is to create a circle of depositing as well as of borrowing customers, the "savings-chest," as an ingredient in the business fund, must be the object of special attention lest it assume an undue preponderance. A Savings-Bank proper, backed by capital or guaranteed by Government, can safely engage to pay out deposits on demand. Not so our Societies, who, it stands to reason, cannot lend out, at three months, money which, in case of crisis or panic, frightened depositors have the right to claim on demand. It is therefore essential that the Society reserve *the right* to require a certain term of notice for the withdrawal of any considerable sums. The proportion of the "savings-

chest" to the rest of the funds was, in the Delisch Association, simply regulated as follows: The Association offered four per cent to depositors, while the Communal Savings-Bank gave only $3\frac{1}{3}$. But on arriving at a certain sum, $4\frac{1}{2}$ per cent was guaranteed, on condition of the transfer from the "savings-book" to a Society note at three months' notice. Thus large sums continually passed out of the "savings-chest," which was kept down to a safe proportion.

As incidentally connected with People's Banks, and showing how the same principle of Associationship enables the workman to employ to the greatest possible advantage the amount of credit at his command, attention is called to the closing extract in relation to two other species of Associations,—“Raw Material” and “Magazine.” By the one he is enabled to purchase stock and materials of all sorts required in his business at a very slight advance on the price paid by the largest establishments which purchase in gross from first hands, instead of being driven to a third or fourth retail dealer and paying twenty or thirty per cent more for a worse article. By the other he secures another advantage hitherto monopolized by large business,—that of exposing his wares to the public in a handsome, well-known emporium, resorted to by the best classes. More than this, when his goods have passed the inspection required for their admission, he can, in general, claim an immediate advance of one-half the estimated value, the remainder when the article is sold. The intelligent workman who avails himself fully of all the advantages thus offered must realize to its full extent the force of the maxim that “Union is strength,” as well as the truth of the French motto inscribed by British officers on the sword of honor presented to Captain Semmes of the “Alabama,”—“*Aide toi: Dieu t'aidera.*”

The following abstract was prepared merely to give

briefly, and in familiar language, the *substance* of the recent law; so that with the accompanying translation of a model constitution for an Advance Society, or People's Bank, in accordance therewith, and a preliminary extract or two from a recent report of Mr. SCHULZE-DELISCH, the originator of the system, its general principles may be quickly seen, and the question of the expediency and desirability of extending its advantages by similar legislation to our own working classes considered.

These translations were laid before the Committee on Banks and Banking of the present Legislature, in support of a petition by the Hon. JOSIAH QUINCY, and others, for an act of incorporation or a general law upon this subject. Should their present publication succeed in attracting the attention of the classes most interested in the subject, and thus help to bring about a thorough examination thereof by those most competent to judge, the translator cannot but think that the question of adapting the German system to our institutions will be seriously considered. Should the same be eventually adopted in America, and show itself as fruitful in blessings to our working classes as it seems to have done to those of Germany, it would be matter of regret if Massachusetts should be compelled to follow instead of leading the movement.

Mr. SCHULZE-DELISCH, before mentioned, the actuary and representative of the "General Union" of German Societies, has published a most valuable treatise on this subject ("Advance and Credit Societies as People's Banks. Practical Instructions for their Foundation and Management"), of which the writer is preparing an abridged translation, which he hopes may be useful should the movement succeed.

S. M. Q.

I.

NATURE AND OBJECTS OF THE "GENERAL UNION."

Extract from the Yearly Report for 1867 of the Actuary of the General Union of German Societies founded on Self-help.

THE "General Union of the German Industrial and Business Societies founded upon Self-help," whose business the author at present carries on as a salaried actuary in a formally regulated bureau, prepares, manages and brings about a yearly meeting of Societies (*Vereinstag*), by deputies from the Societies belonging thereto; which "Vereinstag" regulates common affairs, in the first instance, without in any manner intrenching upon the independence of the Societies in regard to their special affairs. As intermediate organs between this central Bureau and the individual Societies are the so-called "Under," "Provincial," or "Narrower" country Unions formed, which comprise the Societies of particular German States, Provinces, or of certain branches of the Associations, and whose task it is to look after their particular interests, as well as mediation for them at headquarters. While on the one hand they prepare the work of the general "Vereinstag" by special meetings, on the other hand, in that department whose resolves they carry into effect, they take hold of the living business, and the presiding officers chosen by them form a body like a Sub-Committee which stands at the Actuary's side in the carrying on the affairs of the General Union, in the intervals between meetings of the "Vereinstag." Thus, without encroaching upon the free action of individual Societies, a middle point is obtained for the exchange of experiences undergone, for utterance and criticism of ever increasing material, for counsel and help against every attack and in every perplexity of individual members, for powerful uniting of individual strength, for follow-

ing and preservation of common interests, and, finally, for defence and resolute standing together in threatening situations and in danger. Thereto attach themselves the most valuable business relations between individual Societies in the procuring of commissions and collections, and especially in mutual assistance with capital; which, again, implies a mutual control, and is not without influence in the solid foundation of the Societies.

II.

THE PRUSSIAN LAW EXTENDED TO THE NORTH-GERMAN "BUND."

. . . Finally, in regard to the most important acquisition to the Societies mentioned in the last Report, — viz., "the assurance of their legal position, with individual rights, by the Prussian Association Law of March 27, 1867," — a far more important step has been taken. The Actuary has succeeded, in the last session of the North-German "Reichstag" (June, 1868), in carrying through the said law, with essential improvements for the realm of the North-German Bund. The same was published in the North-German Law-book, page 24, dated July 4, 1868; and the issue of the necessary regulations for carrying it out was so arranged, on the part of the separate State Governments, that it went into effect Jan. 1, 1869. That which, by the act of 1867, was attained immediately only for the Societies in Prussia, — viz., the arraying them in the social commercial rights of the general German Code of Trade (Trade Law-book), with full capacity to enjoy rights and hold property, and all the important advantages mentioned in the last Report, — is hereby extended over all the countries of the "Bund;" and has even in prospect, through the tendency towards the last great act of German legislation in common, a coming in force at perhaps no distant time for all Germany. At the same time, important improvements in the Prussian law have been carried through, of which the most important regards the diminution of the dangers of the responsibility *in solido*. Though already, in the last-named law, the responsible obligation of the individual member for the Society debts takes in so far the

character of a mere security, that the creditors can hold the members only after the close of the insolvency proceedings on the Society funds, which have no connection with the insolvency of members, the present law goes as far in respect and in regard for this matter as is in any way compatible with the preservation of the principle of solidarity in which one would attack the most efficient credit-basis of the Associations. For instance, as soon as the insolvency proceedings over the Society property draw to their close, and the condition of the respective amounts of liabilities and assets is brought to view, the contributions necessary to secure all the creditors are raised by an executory compulsory distribution, and thereby much further legal process avoided which would otherwise become unavoidable, through the suing of individual members, and the latter's process against others to obtain contribution for sums recovered.

III.

ADVANCE AND CREDIT ASSOCIATIONS.— PEOPLE'S BANKS.

. . . We precede the statistics, as in previous years, with a concise *résumé* of the chief principles upon which the organization of the Societies rests; because, without this, comprehension of the statistics is not possible. In our associations, [the principle] of self-assistance in relation to the necessity for ready money in trade and social economy, for those who either cannot command at all or only under onerous conditions the ordinary banking facilities, is so brought into operation that—

1. The loan-seekers are themselves supporters and managers of the institution established for the satisfaction of their credit necessities, that is, members of the Advance Association; and, thereby, risk and profit of the business are to them common.

2. That the money transactions, enabled by means of the Association, are everywhere arranged on a business footing (lending and borrowing); so that bank-interest, according to the state of the money-market, is assured to the creditors from the Society Treasury, as well as to the latter from the borrower; similarly, a pro-

portionate remuneration to officials, such as Treasurers, for their official labors.

3. That either by paying in the full sum at once, or very gradually by continual little assessments upon the members, "business shares" are formed in the Society Treasury, in accordance with the respective amounts of which the business profits are divided and allotted to them until reaching the sum originally determined upon, whereby as by stock one obtains a continually increasing special capital for the Society business.

4. That besides, through admission-fees of members and division of profits, a general fund of the Society is collected as a reserve, which especially serves to cover losses.

5. That the foreign or outside capital which may be in addition requisite for the full business working of the Society is obtained by borrowing upon common credit, and under the responsibility *in solido* of all the members.

6. That, in conclusion, the number of members is unlimited, and admission stands open to all who can fulfil the general conditions of the constitution; likewise the "exit," [from the Society] the latter under the condition of a certain time of notice given.

It will be at once understood, that, in regard to the question of by far the greatest importance, viz., the obtaining a sufficient business fund for our People's Banks, the afore-prescribed measures Nos. 3 and 5 must go hand in hand. Without the formation of a special private fund in the "business shares" of the members, which remains indeed individual property, but which during membership can be neither wholly nor partially withdrawn from the Society business, and a reserve, which is the common property of the members, and is to protect against occurring losses, and which must be deducted from the "business shares,"—the affairs of the Society would lack a solid foundation; and the public, which should enter into relations with them, as well as the members themselves, would be in the highest degree endangered. For this reason the gradual collection of such a capital must be cared for by means within the capacity of those without property, — by small monthly taxes of a few groschen, — a fund which may grow through the allotment of dividends, which at the same time affords a most efficient spur to zeal in raising the amount of these contributions, because exactly the sharing in the dividends is regulated upon the

amount paid in by individuals upon their respective "business shares." At the same time it would be to fail in a chief object of the Societies to limit one's self to these money springs whose flow is gradual and comes only after the lapse of time. The entirely insufficient transactions of the savings-banks, doing business only with their own capital, proves, on the contrary, that it remains a task of prominent importance for our Societies to attract to themselves outside capital, and thus to open to small business the same money and credit sources which hitherto have been almost exclusively accessible to large trade, and have partially assured to the latter its superiority; for the same, if provided only with the private capital of the undertaker, would not develop half the power with which we see it appear. To this end it is essential to organize a credit basis which moves the public to regard our Society coffers as safe and desirable for the deposit of its specie; and this has been succeeded in, in a surprising manner, by the Loan Societies *through the personal responsibility, as a body, of all the members* for moneys lent and liabilities undertaken. Credit is as a rule refused to the workman without means, or the small trader presenting himself singly; or is obtained only insufficiently and under the most unfavorable conditions. For the availability or value of his skill or working power—which, so to speak, constitutes his value, and is his only means to do his creditor right—depends upon too many accidents which the workman has not in his power, and which escape all control of the creditor; wherefore it offers no safety for the money advance. The case, however, is changed so soon as considerable groups of workmen and traders associate themselves, and, by standing one for all and all for one, eliminate the case of failure in payment which the creditor would occasionally have to suffer in the case of individuals. Thus he who in his individual capacity is without credit, becomes, through joining himself to a large body, credit-capable so soon as he shows himself credit-worthy through fulfilling his duties as Society Member,—through a decent and thrifty attitude. And to such a degree have the organizations founded on these simple principles prospered among our Societies, that, in the short time of their existence, they have been able so to establish themselves in the confidence of the public, that they have been able to amply cover their money necessities by loans and by savings voluntarily deposited.

IV.

ABSTRACT OF THE NORTH-GERMAN ASSOCIATION LAW OF 1868.

AN ACT IN RELATION TO THE LEGAL RIGHTS AND POSITION OF SOCIETIES FOR INDUSTRIAL AND ECONOMIC PURPOSES.

CHAPTER I.

Establishment of Association.

§ 1.

Associations of an unlimited number of members for the furtherance of objects of credit, industry, and economy, to wit:

1. Advance and Credit Associations.
2. Raw material and magazine.
3. Associations for the production of objects and their sale on common account (Productive Associations).
4. For the purchase of necessities in gross and their retail to members (Societies of Consumption).
5. For the furnishing of dwellings to members, — acquire the rights designated in the present act of a “Registered Society” under the following conditions: —

§ 2.

To found a Society there is required: —

1. A written Constitution.
2. The adoption of a “corporate name,” taken from the nature of the undertaking and with the addition “Registered Society.”

Names of members or others not to appear in the corporate name. The same to be clearly distinguishable from pre-existing similar “Registered Societies.” A written declaration to suffice for admission of members.

§ 3.

The Constitution must contain : —

1. Name and place of Association.
2. Nature of undertaking.
3. Duration of Association in case it be limited.
4. Conditions of admission and exit of members.
5. The amount at which are fixed “business shares” of members, and the manner of collecting this amount.
6. Principles on which balance is to be struck and profits reckoned, and manner of verifying balance sheet.
7. Manner of election and formation of the Managing Board, forms of qualification of its members and their representatives.
8. Manner of calling general meetings.
9. Conditions of right of vote of members, and manner of exercising the same.
10. Occasions when simple majority of meeting insufficient, and a larger majority or other conditions requisite.
11. The form in which the Society makes known its transactions, and the newspapers in which the same are to be found.
12. The provision that all members are liable *in solido*, and with their whole estate for the engagements of the Association.

§ 4.

The Constitution to be recorded in the Court of Commerce for the district where Association is established, together with list of members, and the same published by extract. The extract to contain : —

1. The date of the Constitution.
2. Name and seat of Association.
3. Nature of undertaking.
4. Duration, if limited.
5. Names and residence of present members of Managing Board.
6. Form of Society transactions, and newspapers wherein published.

With the statement that list of members can always be seen in the Court aforesaid. If the Constitution prescribes a form for the Managing Board to announce its decisions and sign for Society, this also to be given.

§ 5.

Before completed record, Association has no rights of "Registered Society."

§ 6.

Alterations in the Constitution to be made in writing, and two copies of resolution of meeting filed in Court. Alteration to be in like manner published if it affects in any way the extract first published.

§ 7.

Same provisions as to record, &c., to be carried out in any district where Association may establish a branch.

§ 8.

Society Register is open to the public, like Trade Register.

CHAPTER II.

Rights of Members among themselves, and Members and Association to Third Persons.

§ 9.

Rights of members *inter se* determined by Constitution, which cannot derogate from following provisions, except where expressly authorized.

In the absence of a different provision in the Constitution, the profit is divided among members in proportion to the amounts of their "business shares," likewise the loss so far as the total of these amounts serve to cover the same. But the sum to be raised after exhausting the Society funds is to be assessed *per capita* on all the members.

Members who have paid in on their shares the assessments prescribed by the Constitution are not liable to any recourse from fellow-members on the ground that the latter have paid in more, — unless the Constitution establishes a different principle.

§ 10.

Rights and powers of members in regard to direction of affairs, examination and verification of books, and division of profits, to be exercised as a body in general assembly. Every member to have one vote unless the Constitution otherwise prescribes.

§ 11.

The Society may acquire rights under its corporate name, hold real and personal estate, sue and be sued. Its general standing in Court is before the Court for the County where established. Such Societies are "merchants" under the trade laws in so far as this act does not derogate therefrom.

§ 12.

In so far as the Society funds are insufficient to satisfy creditors, members are liable *in solido* and cannot oppose the objection of a division (i.e., cannot plead non-joinder of others). This personal liability can only be made available in case of proceedings in insolvency, according to the provisions of § 51, or when the insolvency proceedings cannot be had. Members joining an existing Society are liable for previous as well as subsequently undertaken liabilities. Contrary provision in Constitutions void as to third persons. Women who join Society cannot invoke the legal privileges holding good in particular States in relation to the liabilities thereby incurred.

§ 13.

Private creditors have no recourse against Society estate. All that is liable to execution is whatever interest or dividend the debtor is entitled to draw, and in case of dissolution or expulsion the share assigned to him on the distribution.

§ 14.

Same principle in regard to hypothecation or pledge. No Society property liable thereto except as before stated. § 13.

But rights already acquired in any property brought into the Association are not affected thereby.

§ 15.

No set-off between private and corporate claims allowed during existence of Association. After dissolution allowable only where the Society claim is on distribution assigned to an individual member.

§ 16.

A creditor who has vainly taken out execution against his debtor's private estate, and has attached on the same the latter's share on distribution of the Society estate, is entitled on due notice to demand such debtor's expulsion from the Association, whether the same is for a limited or unlimited period. Such notice must be given at least six months before the close of the business year.

CHAPTER III.

Of the Managing Board, the Supervising Committee, and the General Meeting.

§ 17.

Every Society must have a Managing Board, to be chosen from the members, and is judicially and extra-judicially represented by the same.

The Management may consist of one or more members, — salaried or not. Their appointment is always revocable, — without prejudice to claims for damage, which may be fixed by their contract.

§ 18.

Immediately on appointment, members of Managing Board report for record in the Court of Commerce on the "Society Register." Appointment to be authenticated in person or otherwise, and signature of members given or furnished in authenticated form.

§ 19.

Manner of announcing its action, and form of signature for Association, to be according to Constitution. In the absence of provisions on this point, signatures of all the members requisite under name of Society or of Managing Board.

§ 20.

Society bound by all business engagements of Management, whether the affair is concluded expressly in the Society name or whether circumstances only show the intention of the parties to bind the Association. The power of the Board to represent the Association extends to cases where between individuals a special power of attorney is required. A certificate from the Court that persons therein named are recorded as the Managing Board shall be sufficient legitimation for mortgage business, motions, &c.

§ 21.

The Managing Board is bound to the Association to keep within the limits prescribed by the Constitution, or by votes of General Meeting in regard to the scope of its powers in representing the Association. But a limitation of its power so to represent the Association is void as against third parties. This is specially for the case of a limitation to certain business time or circumstances, or the condition of assent of General Meeting, Supervising Committee, or other organ of the Association.

§ 22.

Oath for the Association to be made by Board.

§ 23.

Changes in the Board to be at once recorded as before prescribed. The same in case persons are chosen to represent the Association *ad interim*. These changes are good against third parties, according to the provisions of § 46 of Code of Commerce, in regard to revoking powers of attorney.

§ 24.

Service of summons or mesne process is sufficient on one member of the Board entitled to sign.

§ 25.

The Board to make quarterly report to Court of Commerce of admission and exit of members of Association, and yearly, in January, a full alphabetical list thereof. The Court corrects and fills out a list in accordance with these reports.

§ 26.

The Board to see that books are kept, and must publish, in the first six months of the business year, a balance-sheet for the past year, the number of members admitted and left since last report, also the existing number.

§ 27.

Members of the Managing Board who exceed the powers committed to them by this law, or the Constitution, are personally liable, and *in solido*, for the damage caused.

If they act in furtherance of any end other than the business one laid down in § 1, or if they allow, or fail to hinder, the discussion of public affairs forbidden by law in a General Meeting, they are liable to a fine of 200 thalers.

§ 28.

The Constitution may put at the side of the Managing Board a Supervising Committee, chosen from the other members. In such case such Committee supervises all the Society business; keeps itself posted in the march of affairs; can investigate books, papers, and the chest; and call General Meetings, — can, if necessary, suspend the Managers or officials from their functions until the decision of the next General Meeting, and take necessary measures to suspend all business transactions in the interim.

It has to verify yearly statements, balance-sheets, and proposals for division of profits; and report thereon yearly to the General Meeting. Also to call a General Meeting whenever requisite in the interest of the Association.

§ 29.

The Supervising Committee is empowered to conduct actions against the members of the Managing Board, which may be

authorized by the General Meeting, and to represent the Association in contracts with the Managers. The form of legitimation of this business must be fixed by the Constitution.

If the Association has occasion to sue the members of Committee, the former is represented by persons specially chosen and empowered in General Meeting. Any member may intervene in such suit at his own cost.

§ 30.

The carrying on the Society business, and the representation of the Association therein, may also be entrusted to other special appointees or officials of the Association. In such case their powers depend on the authority given, and in case of doubt extends to all transactions which the carrying on of such business usually implies.

§ 31.

General Meetings to be called by the Managing Board except where the Constitution or this law gives the power to others. General Meeting to be called besides in cases designated, whenever the interest of the Association appears to demand. General Meeting to be called at once on petition to Management, stating grounds and object of meeting, and signed by at least one-tenth of the members, unless the Constitution fixes a greater or less proportion.

§ 32.

The General Meeting to be called in the manner prescribed in the Constitution. The purpose of the meeting must always be published with the call. No action to be taken on any matter not thus announced, except resolutions concerning the conduct of the meeting, or on a motion to call an Extraordinary Meeting. It does not require announcement in order to make proposals or for business on which no action is taken.

§ 33.

The Managing Board is bound to observe and carry out all provisions of the Constitution, and all legally and in conformance

thereto adopted resolves of the General Meeting, and is answerable therefor to the Association.

Resolves of the General Meeting to be kept recorded in a journal open to members and the State authorities.

CHAPTER IV.

Of the Dissolution of the Association, and the Retirement of Members.

§ 34.

The Association is dissolved, —

1. By expiration of time limited in Constitution.
2. By a resolve of the Association.
3. By opening of proceedings in insolvency.

§ 35.

An Association guilty of illegal transactions or omissions, through which the common weal is endangered, or devoting itself to other ends than those laid down in § 1, can be dissolved with no claim to an indemnification therefor.

This dissolution is effected by judicial action (cognizance) on motion of higher authorities. The Court in which the Association has its general standing takes jurisdiction. Such judicial action (*Erkenntniss*) to be recorded and published as prescribed § 36.

§ 36.

The dissolution must, except when occasioned by proceedings in bankruptcy, be reported by the Managing Board, for record in the Society Register, and published three times in the newspapers selected for publication by the Association.

In such notice, the creditors must be called on to report at once at the office of the Managing Board.

§ 37.

The commencement (opening) of the insolvency to be entered, *ex officio*, by the Court of Insolvency on the Society Register.

Publication of this entry by announcement in the designated newspapers follows. If the Court of Insolvency is not the one which contains the Society Register, the former must report the (opening) commencement of proceedings, without delay, to the latter for entry.

§ 38.

Every member is entitled to leave the Association, even where, by the Constitution, the Society is for a limited period.

In the absence of provisions in the Constitution in relation to length of notice and period of exit, the latter takes place at the close of the business year, after at least four weeks' notice. Membership extinguished by death, unless Constitution otherwise provides. The Association can always expel members, as well for the loss of civil rights as on the grounds specified in the Constitution.

§ 39.

Retired or expelled members, and heirs of members deceased, responsible to creditors for all liabilities contracted up to time of separation, until the expiration of a prescription established by § 63. Unless the Constitution otherwise provides, they have no claim to the reserve fund; but, can require their "business share," as it appears from the books, to be paid over within three months from the separation. The Association can clear itself from this obligation only by pronouncing a dissolution and proceeding to liquidate.

CHAPTER V.

Of the Liquidation of the Association.

§ 40.

After dissolution, except in case of insolvency, liquidation follows by the Management, unless the Constitution or a resolve of Association commit it to other hands. The appointment of Liquidators is always revocable.

§ 41.

Liquidators to be reported by Managing Board for entry on Society Register; their signatures to be given in Court, or furnished in authenticated form; retirement or extinction of power of a Liquidator to be reported for record.

§ 42.

Nomination of Liquidators or changes therein, good against third persons only, as, by §§ 25 and 46 of the Code of Commerce, changes in business firms and revocation of powers of attorney are so good.

Liquidators to act together, in the absence of special authority for their acting separately.

§ 43.

Liquidators to conclude pending affairs; carry out the engagements of the dissolved Society; collect its claims and realize its fortune; represent it judicially and otherwise; execute compositions or compromises, and also undertake new affairs in order to terminate those pending. Real estate to be parted with only by sale at public auction, unless the Constitution or a vote of meeting otherwise permit.

§ 44.

Limitation of these powers (43) without legal effect against third parties.

§ 45.

Liquidators sign by adding their names to the name of the Association, described as "in liquidation."

§ 46.

In relation to the Association, Liquidators must govern their business transactions in accordance with the votes of the General Meeting; otherwise they are, personally and *in solido*, responsible for all damage resulting from a different course.

§ 47.

Capital in hand at dissolution, and what comes in pending liquidation, to be applied as follows : —

a. Creditors to be paid respectively as claims fall due, and necessary sums set aside for claims not yet due.

b. Surplus to reimburse members their business shares. If surplus insufficient for full, then a proportionate reimbursement according to amounts paid in, unless the Constitution otherwise provides.

c. Out of funds available after payment of debts and reimbursement of members, shall be taken the profits shown by the last yearly account, and distributed to members according to the Constitution.

The division of what remains shall be *per capita*, unless otherwise provided.

§ 48.

Liquidators to draw up a balance-sheet at commencement of liquidation. If this or any subsequent statement shows that the Society assets, inclusive of the reserve and business shares of members, will not cover liabilities, then Liquidators held, on personal responsibility, to call a General Meeting; and if, within eight days thereafter, members have not paid in enough to cover the deficit, then the Liquidators to call on the Court to declare the insolvency, and opening of proceedings.

§ 49.

Notwithstanding the dissolution, the provisions of Chaps. II. and III. shall continue, up to the close of liquidation, to regulate the legal position of the ex-members, *inter se* and in regard to third parties, in so far as nothing different results from the provisions of this chapter or the essential nature of a liquidation.

The standing in Court which the Association had at dissolution, remains until close of liquidation. Notices served on one Liquidator.

§ 50.

Books and papers delivered, after close of liquidation, to an ex-member or third person agreed upon. In the absence of such

valid agreement, then appointed by the Court. Ex-members and those succeeding to their rights (*Rechtsnachfolger*) to be allowed access to, and use of, such books and papers.

§ 51.

In addition to the case provided for by § 48, insolvency proceedings shall be opened whenever the Association suspends payment, either before or after dissolution.

The duty of giving notice of suspension is incumbent on the Managing Board or Liquidators, as the case may be, who represent the Association, appear in person and give information in all cases where that is prescribed by law for the insolvent. They have also the right to oppose any claim presented, and this independently of the assignee. This opposition does not prevent the establishment of the claim, nor its payment out of the estate. A (*concordat*) compromise of creditors is not admissible.

The insolvency of the Association does not draw after it that of the members. The decree establishing the insolvency does not contain the names of the members who are held liable.

As soon as the insolvency proceedings are concluded, the creditors have a right to pursue the individually liable members for what remains due, in principal, interest, and costs, on any claims which have been produced, verified, and established in the insolvency. Members, when thus pursued for such deficit, can oppose only the claims opposed in the insolvency by Management or Liquidators.

§ 52.

After the insolvency proceedings have gone so far as the final distribution schedule, it is incumbent on the Managing Board (or Liquidators) to draw up a division plan or contribution-schedule showing how much each member must contribute in order to pay up all creditors in full. In case of refusal or delay so to contribute, this contribution-schedule is filed in Court by the Managing Board, with a motion that it be declared valid and binding. This motion is accompanied by a copy of the Constitution, a statement of creditors' losses, and list of members liable to contribution.

§ 53.

Before the Court acts upon this motion, the schedule is referred to a Referee or Commissioner, who notifies members and Managing Board, hears all objections, and reports upon the facts and law.

§ 54.

After these proceedings, the Court examines and corrects the schedule in relation to the proceedings before the Referee, obtains all necessary information from the Management, and finally makes a rule declaring the schedule valid, and to be executed. Against this decree, a legal (technical) objection is not admissible.

§ 55.

The original or copies of the decree and schedule are filed in Court for the use of members who are notified thereof. The Management is authorized, and, in case of refusal or delay required, to legally compel payment of these contributions, according to the schedule thus declared valid.

§ 56.

Each member may oppose this schedule or division plan by a complaint directed against the other members, who for this purpose are represented by the Management. This complaint is brought before the Court in which the Society has its general standing (§ 11). Execution is not stayed by such complaint and procedure.

§ 57.

If the execution against any particular members is fruitless (returned no effects), the Management must divide the so-caused deficit among the remaining members by a new schedule, — the mode of procedure to be as before laid down.

§ 58.

The Managing Board receives the contributions of members, and applies the same proportionally to their destination.

§ 59.

If the Society property proves insufficient to cover its debts in a case where insolvency proceedings cannot be had, the provisions of §§ 52-58 apply in order to make up the deficit; substituting for the Court of Insolvency, the Court in which the Association has its general standing.

§ 60.

If the Managing Board is unable or neglects to carry out the provisions of §§ 52-58, the Court, on the motion of any interested member, may entrust these powers to one or more members or a third person.

§ 61.

Liquidators representing the Association have all the powers here given the Managing Board.

§ 62.

The creditor's right to hold the members individually liable for the balance due on his claim remains in no way affected by the proceedings laid down in §§ 52-61.

CHAPTER VI.

Prescription of Actions against Members.

§ 63.

Actions against a member for debts of Association are prescribed in two years from dissolution of Association or from his retirement or exclusion therefrom, except where by law the nature of the claim fixes a shorter period.

The prescription runs from the day of record in Court of Commerce of the dissolution, retirement, or exclusion aforesaid. If the claim becomes payable only after such day of record, the prescription runs from the date of its falling due (exigibility). For

claims on a term of notice, such term of notice is added to the term of prescription.

This two years' prescription is not opposable to any creditor seeking payment out of undistributed Society funds.

§ 64.

The prescription in favor of a retired or expelled member is not interrupted by proceedings against another member; but it is by proceedings against the still existing Association. The prescription against a member belonging at dissolution is not interrupted by suing another member; but it is by proceedings against the Liquidators or insolvent estate of Association.

§ 65.

The prescription runs against minors and persons under guardianship, and those by law entitled to similar rights,—always reserving recourse to guardians and tutors.

§ 66.

Final Dispositions.

The Court of Commerce must compel the Managing Board or Liquidators, under penalties, to carry out the provisions, as to their official conduct, laid down in §§ 4, 6, 18, 23, 25, 26; Chap. II. § 31; Chap. III. § 33; Chap. IV. §§ 36, 41, 48, 52-59, 61.

§ 67.

Inaccuracies in official announcements herein prescribed and incumbent on the Managing Board, or in other official announcements, are punishable by a fine, not exceeding twenty thalers, against the members of the Managing Board.

§ 68.

This does not exclude higher or severer penalties imposed by any other law.

§ 69.

Recording in Society Register to be gratuitous.

§ 70.

Where this Act mentions Courts of Commerce, — in the absence of such special Courts, the ordinary Court takes the place.

§ 71.

No change is made in the condition, as to property, of an existing Society by its entry on the Society Register.

This law has no application to unrecorded Associations.

§ 72.

Further provisions as to form to be made by separate States.

§ 73.

Goes into operation Jan. 1, 1869.

WILHELM.

[L.S.]

GRAF v. BISMARCK SCHÖNHAUSEN.

V.

MODEL FOR A CONSTITUTION UNDER THE NORTH-GERMAN ASSOCIATION LAW.

CONSTITUTION (SOCIAL CONTRACT) OF THE ADVANCE AND CREDIT SOCIETY AT B., REGISTERED ASSOCIATION.

Name, Place, and Object of the Undertaking.

§ 1. The undersigned associate themselves in a Society under the corporate name, "Advance, &c., Society at B., Registered Association." The object of the Association is the carrying on a banking business for the purpose of the mutual procurement of the pecuniary means necessary in trade and household management upon common credit.*

The Society has its seat at B. (§§ 2 and 3, Law of July 4, 1868.)

Society Capital.

§ 2. The Society Capital is formed by the deposits of members and the division of profits according to the directions further herein laid down, and is divided into : —

a. The Society Fund proper, which belongs to the whole body, and serves as a reserve in the business.

b. The Members' Fund, the property or business shares of individuals in the Society Chest.

* This section is taken from the Constitution drawn under the Prussian Law, for the reason that the subsequent revision, elsewhere followed, contemplates an existing Society, and not the original organization thereof.

The correct proportion between these constituent parts is provided for in the following :—

REGULATION AND GUIDANCE OF SOCIETY AFFAIRS.

Organs of the Society.

§ 3. The Society regulates its affairs itself, with the participation of all its members. Its organs are :—

1. The Management.
2. The Committee (Council of Supervision).
3. The General Meeting.

CHAPTER I.

OF THE MANAGEMENT.

a. Constitution and Election.

§ 4. The Management consists of :—

1. The Director ;
2. The Treasurer ;
3. The Comptroller ;

and is chosen for a term of three years in General Meeting from among the members, on separate ballots by absolute majority, on the nomination of the Committee. Where the candidate fails to obtain the majority, the Committee are to make further nominations at the same or a subsequent meeting.* Re-election of the same persons is allowed. (See § 3, No. 7, and § 9 and § 16 of the act.)

* This section, in the form drawn under the Prussian Law, omitted the nomination, and provided that the first election should be for one year, — subsequent elections for three years. If no choice on first ballot, the second to be limited to the two candidates at the head of the list, and a tie to be decided by lot.

b. *Legitimation.*

§ 5. The Legitimation (Authentication) of the Management is effected through the records of the General Meeting concerning the elections (§ 47).

The elections are to be reported in person by the Management to the Court of Commerce ; two copies of the Election Record, with the written acceptance thereof, to be furnished, and the officers to give or furnish in authentic form their signatures. (See § 3, No. 7, § 18 of the act.)

c. *Corporate Signature.*

§ 6. The corporate signature is effected by adding the individual signatures to the corporate name. But the same has legal effect only when signed by at least two members of the Management. (§ 19 of act.)

d. *General Authority and Business Powers of the Management.*

§ 7. The Management represents the Society, judicially and otherwise, with all the powers given by §§ 17 and following of the act.

§ 8. It carries on the Society business independently, except in so far as this Constitution or subsequent resolves of the Society may limit the same, and require the assent of the Committee or the General Meeting. (§§ 17, 20 of act.)

§ 9. The Managers are responsible *in solido* and with their whole property for all damages caused to the Society by the overstepping of the boundaries thus drawn to their powers, or otherwise by design or gross negligence.

§ 10. The Management keeps the Society affairs in regular business-like course, provides for full and carefully watched book-keeping, for the publication of the accounts after the close of the business year according to the Code of Trade, and for the safe-keeping of the Treasury and documents.

§ 11. The Society business is transacted and despatched, as it arises, by a majority vote of the Management in sessions held under the chairmanship of the Director,—either regularly, or called by the latter with a designation of the subject of the busi-

ness, — so that at least two members must be united upon any measure to be adopted in Society affairs.

§ 12. The Management is especially held to care for all the notices to the Court of Trade, and the publications on designated subjects, in accordance to §§ 4, 6, 18, 23, 25, 36, 41, 48, 51 of the act; also to fulfil the duties made incumbent by §§ 26, 31, 52, 56–58; in case of failure the punishment and fines imposed in §§ 66–68, fall upon it alone, with no right of reimbursement out of the Society Treasury. The Management to hand in, in person, the present Constitution, and all alterations and amendments thereof. The Constitution to be in the original with a written or printed copy. The resolves of the Society to be given in duplicate.

e. Duties Incumbent on Individual Members of Management.

§ 13. Besides, and in addition to the above general obligations, the individual members of the Management have the following special functions: In the first place the Treasurer has the care and representation of the Treasury upon himself, and must keep the necessary books and accounts of all receipts and disbursements, as well as other Treasury affairs, according to his special instructions; he must monthly (or weekly) present exact business abstracts and balances, and, as soon as possible after the close of the business year, shall, with the co-operation of the Comptroller, undertake the preparation of the Yearly Statement.

§ 14. He can only oppose disbursements out of the Society Treasury upon written notice signed by two members of the Management, of which he may be one.

In like manner receipts for money paid in require, besides his signature, that of another member, in order to be good against the Society. (See § 6 ante.)

§ 15. Hence, whenever in designated business hours another member than the Treasurer is not present in the office, the payer is referred with his receipt to the Comptroller, who adds his signature and enters the sum paid in his counter-book. The necessary directions to be posted up in the office for public information.

§ 16. The Treasurer must give security to the Society; the particulars and amount to be settled by an agreement with the Committee, and to be approved by the General Meeting.*

§ 17. The Comptroller is chiefly to care for the keeping of the "counter" books and accounts, and assists in the regular business statements and balances, of whose correctness (actuality) he must convince himself, as well as of that of all "revisions" of the Treasury.

§ 18. The Director keeps a constant insight into the working of his colleagues, and in common with them cares for the safe-keeping of valuable notes and paper, as much as possible under double locks. He takes charge of the correspondence, watches judicial proceedings, and enters the decisions of the Management, according to their order in the book designated therefor, after which they are signed by the members who participated in their adoption.

He must, at least every quarter, make a review of the condition of the Treasury, and at once report to the Committee all defects and irregularities therein or in the book-keeping, in order that the latter may at once take all necessary measures to extricate and secure the Society.

§ 19. In case of short transitory incapacity of the Treasurer or Comptroller, the Director exercises their functions, while he, in turn, is, in such case, represented by the Comptroller.

§ 20. For the case of permanent disability, retirement, or death of a member of the Management before the expiration of his term of office, the Committee must take immediate measures for the necessary representation, and, in the two latter cases, cause the subsequent election to take place. The notification, to the Court of Commerce, of such representatives appointed by the Committee *ad interim*, is made by them personally, in common with the remaining old members of the Management, by handing in two copies of the respective Committee resolves as legitimation; and, in regard to their signature, such substitutes must observe the preceding provisions of § 5 of this Constitution.

So soon as such representation *ad interim* ceases by the return .

* NOTE BY AUTHOR. — Where a special messenger is intrusted with the collection of members' assessments, security should be also taken from him. .

of the disabled member or a subsequent election, a like personal report by the whole Management takes place, in the last case with the newly elected members, and the proceedings in regard to signature, &c., are the same.

f. Removal of Members of Management from Office.

§ 21. The Management, as a whole, as well as each individual member, can at any time be removed from office by a resolve of the General Meeting, and their claim to indemnification therefor is only in accordance with their contract with the Society. (§ 17 of the act.)

§ 22. The provisional suspension of the members of the Management may be ordered by the Committee as preliminary to the definite decision of the General Meeting, which is then to be convoked at the shortest notice.

g. Salary of Members of Management.

§ 23. The members of the Management receive pay according to the contract to be concluded with them.

CHAPTER II.

THE SUPERVISING COMMITTEE, OR ADMINISTRATIVE COUNCIL.

a. Composition and Election.

§ 24. The Committee consists of nine to fifteen members, chosen, in General Meeting, by absolute majority, on one ballot, for a term of three years.

If the requisite majority for all is not attained on the first ballot, the candidates on the second ballot are restricted to twice the number to be yet chosen, of those names receiving the highest number on the first ballot; and so on until an absolute majority is attained for all. Tie-votes to be decided by lot.

One-third of the Committee Members retire yearly, and are replaced by new elections. For the first two years, this is decided by lot; afterwards, by expiration of term. (§ 28 of act.)

§ 25. In case of the retirement or death of Committee Members, those candidates who, on the election of the retired or deceased, stood next them on the list, take the place for the unexpired term. The election records must, for this purpose, contain the necessary statements.

b. *Order of Business.*

§ 26. The Committee chooses a President and Secretary. Resolutions are adopted by a majority of those present, — a majority of the whole to constitute a business quorum.

§ 27. The sessions of the Committee are held at an appointed place, and either at regular periods or specially called by the presiding officers, in which case the notification must be issued in full time to enable all the members to attend. Only in case of calling sessions of the latter sort is the subject to be acted on necessary to be stated in the notification, if the resolve is to hold good against absent members. In the regular sessions, on the contrary, all business can be transacted without any previous publication of the orders of the day.

The records of the meeting, which must contain all resolutions *verbatim*, are signed by all the members, and kept in possession of the presiding officer.

§ 28. Either the Management of the Society or one-third of the Committee Members may demand of the presiding officer that a meeting be called. Such demand, being in writing and stating the subject to be considered, shall be immediately complied with.

§ 29. The Management must, when required, attend any Committee Meetings, but without any voice therein save by way of advice, and shall afford all explanations and an insight into all books, correspondence, and other Society papers which the Committee may require. It is only where joint sessions of the two bodies are provided for in this Constitution that the Management co-operates in the adoption of resolutions. (§§ 35, 36, *post.*) The Chairman of such sessions is the President of the Committee.

c. *Removal of Committee Members from Office.*

§ 30. Committee Members may be at any time removed from office, by a vote of the General Meeting, when they lose civil rights or the disposal of their property, are driven into insolvency,

fail in their duties toward the Society, allow matters to come to a lawsuit therewith, or, finally, are guilty of any unfair or dishonest dealing towards the same.

Motion to that effect may come from the Management, other Committee Members, — or even from members at large, if made to the Committee in writing, with a statement of grounds, and signed by at least one-tenth of the members.

d. Duties and Powers of the Committee.

§ 31. The Committee watches over the course of business of the Management; and is, for this purpose, at all times empowered to examine books and papers, to review the state of the Treasury, and, on the appearance of irregularities, to take all measures necessary to the safety of the Society.

It can remove the members of the Management provisionally from the direction of affairs until the decision of a General Meeting, to be called as soon as possible; and, in that case, makes provision for the continuance of business in the interim by the appointment of substitutes, as well as for the turning over of the contents of the Treasury, books, documents, and papers of the Society. As to notification to the Court, legitimation, signature, powers, and duties of such substitutes, the provisions of § 20, *ante*, apply. (§ 28 of the act.)

§ 32. The Committee has, further, to verify the monthly statements of the Management, and thereby to obtain the necessary oversight over affairs.

It has especially to carefully revise the account and balance-sheet at the close of the business year; to compare the same with books, documents, and the state of the Treasury; to report thereon to the General Meeting; and to make the proposals for a division of profits. (§ 29 of act.)

§ 33. The Committee represents the Society in the execution of contracts with the members of the Management, as well as in law-suits against the same. For the latter purpose, the requisite legitimation is effected, by a majority of the Committee, by furnishing a copy of the resolve of the General Meeting on the subject, and of the election record of the present Committee members.

§ 34. In addition to those occasions wherein the same is elsewhere specially required by this Constitution, the Management must obtain the approval of the Committee, —

a. In the appointment and dismissal of officials in the Society's service and the regulation of their pay, in so far as this does not appertain to the General Meeting (compare § 48), as well as in the nomination of appointees for special business and the regulation of their powers, as well as in the prosecution of legal claims against such officials or appointees.

b. In the execution of leases and other contracts, as well as in the procurement and parting with furniture.

c. In the establishment of business-rules and of the manner of the book-keeping.

d. In the investment of temporarily unemployed capital.

e. In fixing the rate of interest for advances made, which, by public proclamation, is to be brought to the knowledge of members.

f. In the furnishing of loans and credits of every nature, as well as in their prolongation.*

g. In the reception of loans for the Society Treasury within the limits fixed by the General Meeting.

§ 35. The reception of savings-deposits is, indeed, the affair of the Management alone, yet must the Committee particularly watch over this branch of the business, that proper terms of notice (for withdrawing) be fixed, and that a certain proportion be observed in regard to such deposits both to the Society Fund and to fixed loans (i.e. at a fixed term).†

* In Societies wherein no voice is given the Committee in the furnishing of advances, but the matter is left exclusively to the Management, letter *f* is to be omitted. In that case, for the necessary limitation of the Management, § 36 should be drawn as follows:—

§ 36. Moreover, both Management and Committee have, in joint session, to decide, —

a. Upon the reception of new members, as well as upon the preliminary suspension of attorneys, and of such officials whose appointment and dismissal depends upon the General Meeting.

b. Upon the opening of an account-current with a customer in each individual case. And

c. To establish the list of "credit-worthiness" (*Creditfähigkeit*), wherein the highest amount is fixed to which the Management may go in giving credit to each member; likewise to revise the said list every month, and adapt the same to altered circumstances.

† [NOTE BY TRANSLATOR.—The distinction must be kept in mind between a savings-deposit and payments on business shares. The latter become Society property, and cannot be drawn out.]

On both these points, as well as on the interest to be paid to depositors, the Management and Committee decide in joint session.

§ 36. Moreover, both Management and Committee have, in joint session, to decide upon the reception of new members, as well as upon the preliminary suspension of attorneys, and of such officials whose appointment and dismissal depends upon the General Meeting.

A majority of the Management and of the Committee is, in every case, requisite to constitute a business quorum for a joint session.

CHAPTER III.

THE GENERAL MEETING.

a. Right of Participation.

§ 37. The rights appertaining to members in Society matters are exercised by them in General Meeting.

Every member has one vote, which cannot be delegated to a proxy.

b. Calling and Notification.

§ 38. The call for a General Meeting proceeds, as a rule, from the Committee: in case of delay on the part of the Committee, the Management may proceed thereto.

The notification follows by a single insertion in the ——— newspaper, is signed by the President of the Committee, and the number must appear at least three days before the meeting.

It remains, also, discretionary with the Committee to extend the notice either by circulars or special placards. (§ 3, No. 8 of act.)

§ 39. In the notice, the propositions to be acted on, or other subject-matter of the order of the day, must be briefly given. (§ 32 of act.)

c. Regular General Meetings.

§ 40. The General Meetings take place regularly: —

a. After the close of the business year, for the making known

of yearly statements of business and balance-sheets, resolution concerning division of profits, the discharge to be given to the Management, as well as the despatch of any *Rechnungsmonita*.

b. After the close of every quarter, for the statement of the condition of business and Treasury, necessary attention to complaints and other Society matters.

d. *Extraordinary Meetings.*

§ 41. Extraordinary Meetings may be called for urgent causes at any time ; and the Committee is bound to call such meeting on the petition in writing, stating the subject, of the Management, or of one-tenth of the members at large.

e. *The Order of Business.*

§ 42. The orders of the day are fixed by the Committee ; but all motions or propositions must be borne thereon which have been made by the Management or one-tenth of the members.

f. *The Chairmanship.*

§ 43. The Chairmanship of the General Meeting belongs to the President of the Committee, who nominates the Secretary, who makes up the record ; but both offices can, at any instant, be transferred to other members, by a resolve of the meeting.

g. *Voting.*

§ 44. Votes are taken by a show of hands. In case of doubt by the Chairman, he appoints two counters, which appointment is obligatory on demand of ten members. In elections and on questions of expulsion the vote must always be taken by ballot.

h. *Resolves.*

§ 45. Resolves adopted by the majority of members present at a meeting duly called by notice announcing the business to be transacted are valid and binding on the Society.

§ 46. For Resolves altering or amending this Constitution or to dissolve the Society, a vote of over two-thirds of those present at a meeting, of at least one-third of all the members, is requisite.

Where the requisite one-third is not present, a second meeting shall be called, with an interval of at least eight days, to despatch

the same order of the day, which second meeting acts finally thereon without regard to the number present.

§ 47. The records of the meetings containing the proceedings in all essential points—to wit, the resolves adopted, and the elections with the numbers and relative proportions of the votes—are entered in a special book under the date of the meeting, signed by the Chairman, the members present of the Management and Committee, and at least three members at large, and kept by the Committee, together with copies of newspapers containing the call.

i. *Matters which require the Action of the General Meeting.*

§ 48. The following matters, in addition to those expressly mentioned elsewhere, require a resolve of the General Meeting:—

1. Alteration and amendment of the present Constitution.
2. Dissolution and liquidation of the Society.
3. Acquisition and disposal of real estate.
4. Election and compensation of the Management, the Committee, and of such officials as are permanently intrusted with banking affairs; likewise of deputies to the “General Union” and the “Vereinstag;” of the Committee of Estimation (§ 70), and of those intrusted with full powers to carry on suit against the members of the Committee, whose legitimation is effected by a copy of the resolve of the General Meeting in relation thereto.
5. Prosecution of legal claims against members of the Management, Committee, appointees, and officials mentioned in No. 4.
6. Removal of the same from office.
7. Decision of disputes concerning the meaning and contents of the present Constitution and former resolves.
8. Final decision upon all complaints brought against the decisions and business conduct of the Management and the Committee.
9. The fixing of a maximum sum, which
 - a. The total of loans and savings deposits,
 - b. The amount of credit to be given at one time to an individual member, shall not exceed.
10. The giving of credit on account-current.
11. The division of profits at the close of the year, and the approval (release) of the Management in regard to its conduct of business.
12. Expulsion of members from the Society.

13. The joining of the General Union of German Associations, and of a Sub-Union, and also the retirement from the same.

Attainment and Close of Membership.

§ 49. Membership is obtained by signing the Constitution or by written declaration, after a preliminary formal admission on the part of the Management and Committee. All persons are eligible as members who are capable of legally contracting. Those refused such admission may appeal to the General Meeting.

§ 50. Membership is lost by non-performance of constitutional obligations, and through a resolve to that effect of the Society. Such resolve must be especially moved by the Management, when members are three months in arrears with their assessments, or allow matters to come to a lawsuit for non-payment of sums borrowed, or when they lose their civil rights. In such case, membership ceases with the day of the passage of the resolve. (§ 38 of act.)

§ 51. Membership is, moreover, lost through death ; but ceases, in such case, only at the expiration of the business year, during which it takes place, and until then the heirs remain bound toward the Society.

§ 52. The exit from the Society, moreover, stands open to the members at the close of the business year, after due notice in writing to the Management. The term of such notice to be at least four months before the expiration of the business year ; otherwise, the member giving notice cannot be released until the close of the year following.

§ 53. A retired or expelled member or his heirs (§§ 50, 51) can only demand the amount paid on his business share, including the dividends of the last business year, but no other share in the Society funds, for instance nothing out of the reserve. More especially has an expelled member no claim to the dividends of the current year in which the expulsion occurs.

The payment of their shares to late members follows in the third month after the close of the business year in which the termination of the membership took place.

§ 54. From this payment over of the share the Society cannot escape, no matter in what unfavorable state of the business, save by a liquidation after a previous dissolution, and in that case the late

member must submit to a retention of his property, so far as it can constitutionally be drawn in to cover Society debts.

In all cases such late member remains, for the space of two years from the close of membership, responsible to Society creditors with his whole property for liabilities contracted up to that date in accordance with § 63 of the act.

He has, however, no right of interference whatever in Society affairs on that account.

§ 55. The Management is bound to make a quarterly written statement to the Court of the entrance and exit of members, and yearly, in January, to give in a full alphabetical list of members ; also to publish, at the latest within the first six months of every business year, the number of those admitted and retired since the last publication ; also the number of actual members at the moment. (§ 25, *a.* 1 of act.)

Rights and Duties of Members.

§ 56. The members of the Society are entitled : —

- a.* To vote on all resolves and elections in General Meeting.
- b.* To claim cash advances from the Society coffers so far as the same suffice thereto, and so far as the members satisfy the conditions and requirements of § 63, as well as
- c.* a dividend of the business profits according to the measure of § 81–83.

§ 57. On the other hand, it is the duty of members, —

- a.* To pay the assessment fixed in § 58, for the formation of a “business share.”
- b.* To pay an admission fee according to the provisions of § 63.
- c.* Not to act against this Constitution and the resolves and interests of the Society.
- d.* To be responsible *in solido* with their entire property for the satisfaction of regularly incurred liabilities of the Society, in so far as the Society funds do not suffice thereto, upon which point it is indifferent (§ 12 of act) whether the said liabilities were incurred before or after the entrance of individuals into the Society.

“Business Shares” of the Members.

§ 58. The “Business Share” of each member is fixed at ——— thalers, which can at any time be increased by a Society

resolve. It may be paid up in full at once or by subsequent payments, which must, however, amount to at least the sum of ——— groschen monthly.

§ 59. Moreover until the attainment of the full amount on each member's "Business Share" the dividends assigned to it of the profits are retained, and, together with all payments on the share, are added to it at the close of the year in a special account.

§ 60. Both payments and dividends remain the property of the members, yet can neither in whole nor part be withdrawn from the Society Treasury during membership.

§ 61. Each member receives a special book wherein the Management keeps the account of his share.

The same can in no manner be disposed of by anybody so long as it remains in the Society coffers; to wit, any transfer, pledge, or other burdening thereof, is completely null as against the Society, to which it is the security for the performance of duty by the owner. This is to be expressly noted down in the book aforesaid.

Reserve Fund.

§ 62. For the covering of possible losses which cannot be paid out of the profits of the year, the Society Fund, mentioned in § 2, *a*, serves as a reserve. The same is formed from admission fees of new members, and the proportion of net profits, mentioned and fixed in § 83, and shall be gradually collected up to the amount of ten per cent on the Members' Fund (business shares), and after the deduction of losses shall be again brought up to the same point.

§ 63. The admission fees of members are fixed, from time to time, by Society resolves, and until further action shall be ——— thalers. The same to be paid immediately on attaining membership.

§ 64. The Reserve Fund belongs to the Society until its dissolution, and members retiring previously have no claim thereto.

Form, Amount, and Term of Advances.

§ 65. The Advances are, as a rule, made upon individual or "dry" exchange (*trockene Wechsel*), and customers to whom an account-current is opened have to furnish a "Depot-Wechsel."

§ 66. In fixing the length of terms allowed to debtors, the terms

of money borrowed by the Society must be well regarded, and the credit which the Society receives brought into accord with that which it gives.

§ 67. As a rule, credit not to extend beyond three months, but after the expiration of this term, the same may, with consent of the securities, be prolonged at most for the same period, always with the provision that this does not serve to conceal a permanent deposit or investment of capital. It is understood that such extension may be always refused without assigning grounds, or granted on condition of payments on account, which are fixed by the Management and Committee jointly. This condition should be always exacted in an unsafe state of the money market, and the fact brought to the knowledge of members.

What is Required of the Borrower. Security.

§ 68. Only to members is credit given, and only in so far as their personalities and circumstances offer the necessary safety.

§ 69. The Members of the Management are, during their continuance in office, entirely excluded therefrom, and can under no circumstances avail themselves of Society funds for their private ends, otherwise they must be immediately removed from office. They are equally prohibited from standing security for any other member or customer towards the Society.

§ 70. Members of the Committee can, so long as they hold this position, receive loans only upon the most sufficient security, and to an amount which the Commission of Estimation—to be chosen yearly by the General Meeting—shall fix, and is entitled at any time to alter.

§ 71. For small amounts, within one half of the “business share” of the borrower, further security can be dispensed with, in so far as the Society interests allow. But this is not one of the members’ rights.

§ 72. For larger advances, security must follow, either by individuals, or pledges whose receivability is to be well established in each case.

§ 73. For running or continual transactions, a “security-mortgage” or “mortgage-bond” (*Cautionshypothek*), may be taken on the debtor’s real estate.

On the other hand, money is never lent out on special mortgage. Recourse is had to such security from debtors and guarantors only exceptionally, and in the absence of all other security for endangered claims.

§ 74. Several advances or credits may be given to a debtor at the same time, within the limits of his "credit-capacity" (*Credit-fähigkeit*), and on proportionate security. In so far, nevertheless, as securities already received are interested, they are to be notified of the increase of credit before the payment of the subsequent sums.

§ 75. Complaints for the refusal of credit come before the next General Meeting.

Manner of Reckoning.

§ 76. The business year runs from ——— to ———; and, immediately at its close, —

a. The amount of sums in the Treasury, business paper and acknowledgments of debts, must be reviewed and established by the Committee, as well as

b. The balancing of the books, to be commenced by the Management.

§ 77. The Management has then to lay before the Committee, within at latest eight weeks, the full yearly accounts; in default of which the latter is entitled to cause the work to be performed, under its own oversight, by others, and at the cost of the Management.

§ 78. The account must contain, —

1. The total of receipts and disbursements within the year, arranged according to the chief headings in book-keeping and accounts.

2. A special account of profit and loss.

3. The balance of the Society property at the close of the year.

§ 79. On the balance-sheet are to be set down under the Society *debit*, besides the Society debts, the reserve fund and the business shares of members, with whatever interest may be payable in advance for the following year; under the Society *credit* are to be set down the value of real estate and furniture, deducting the customary percentage for wear, the contents of the Treasury in cash and business paper, the latter according to the current rates of

exchange, and the outstanding claims under their respective heads, unsafe claims at their probable value, and "uncollectible" ones to be excluded entirely.

The surplus of credit hereafter remaining constitutes the net profit. (§ 3, No. 6, of act.)

§ 80. The revision of the accounts follows by the Committee, who procure for themselves the necessary groundwork therefor by the examination of books and vouchers, as well as by the inventory to be taken before, according to § 76.

Should, however, suspicions arise in the General Meeting held thereon concerning the correctness of the accounts and the revision by the Committee, a special Commission of two or three members may be chosen by a resolve, without the necessity of a motion thereto in the orders of the day; and to such Commission may be given the task of superrevision, to which end all the powers given to the Committee for watching the course of affairs by §§ 31 and 32 are exercised by such Commission.

Dividends.

§ 81. At the close of the year, the net profits are assured to members in the form of dividends, according to the sums credited on their "business shares" from payments and previous dividends, and this again credited on the "business share" until the originally fixed amount is reached.

§ 82. In the calculation of dividends, the member's share is not regarded except in round thalers and so much as was not formed during the business year whose net profits are in question, so that the assessments paid during one year are first considered in calculating the dividends for the next.

§ 83. So long as the reserve fund has not attained the amount fixed in § 62, a sum of at least ten per cent shall be deducted from the net profits before the distribution to members, and added to the said reserve fund; the like proceeding to be had whenever the said fund shall fall below said fixed sum through the covering of business losses.

Dissolution of the Society, and Responsibility of Members.

§ 84. The dissolution of the Society takes place :—

1. By a resolve of the General Meeting.

2. By commencement of insolvency proceedings upon the Society business.

3. By judicial decree in the cases fixed by § 35 of the act.

§ 85. The insolvency proceedings over the Society business are opened by the Court upon notification incumbent on the Management of the suspension of payment, and do not cause, as a consequence, insolvency proceedings upon the individual property of members. (§ 51, article 4, of act.)

§ 86. On the contrary, the Society creditors are only entitled to hold individual members responsible after the close of the proceedings for the deficit or loss suffered by them upon claims proved in the insolvency, with the single exception of the case where the insolvency proceedings cannot be had.

§ 87. The liquidation of the Society property upon dissolution, exclusive of the case of insolvency, takes place according to the principles contained in §§ 40, 71, &c., of the Act, through the Management. Immediately at the commencement of the liquidation, the Management has to prepare a balance-sheet of the Society business, according to the principles of § 79, *ante*, except that interest payable in advance is not to be carried to the debit. If it appears then that the assets do not suffice to cover the liabilities, the deficit is to be deducted first from the reserve, and, after its exhaustion, from the members' shares. In so far as the deficit does not swallow up the entire Society property (shares) of all the members, said deficit is to be deducted therefrom proportionally according to the amount of individual shares. In no case has a member who has thus sacrificed partially or wholly a greater share any recourse against those fellow-members whose share of the loss may have been less.

Out of the surplus remaining after payment of debts and members' shares, the dividends of the last business year are first distributed to members, and any further surplus divided *per capita*.

In case, after the opening of the insolvency proceedings, a surplus still remains after the satisfaction of creditors, the same is, in like manner, distributed, first to members' shares, and proportionally to their amount; next, as dividends, &c.; and every thing holds good as above prescribed for the case of liquidation.

§ 88. If it appears from the balance-sheet that, even after sacrificing reserve and members' shares, the Society property does not

suffice to cover Society debts, the Liquidators are held, on their individual responsibility, to call a General Meeting, and thereafter — provided members do not, within eight days from such meeting, pay in the requisite contribution to cover the deficit — move the Court to the opening of insolvency proceedings upon the Society property. (§ 48 of act.)

*The Public Announcements (Bekanntmachungen) of the Society,
and the Newspapers designated therefor.*

§ 89. All Announcements and Declarations in Society affairs, as well as documents binding the same, are issued in the corporate name, and signed by at least two members of the Management.

§ 90. The Notifications for General Meetings, in so far as they do not issue from the Management (§ 38), are issued by the President of the Committee with the signature, "The Committee of the (corporate name), A. B., President."

§ 91. For its publications the Society uses the (name of newspaper). In case the same should cease, the Management, with the approval of the Committee, is empowered to designate another. (§ 3, No. 11 of act.)

Execution of the Constitution.

§ 92. The present Constitution is executed by the signature of the names of the members present in the General Meeting at its adoption. On the part of absent members, as well as those subsequently joining the Society, a written declaration of joining shall suffice.

Disputed Points in the Constitution and Society Resolves.

§ 93. All disputes concerning the meaning of particular provisions of this Constitution, as well as of subsequent resolves, are finally settled by the decision of the General Meeting, and no appeal is open to any member, inasmuch as the legal course herein is expressly excluded.

VI.

CONTRACT OF A REGISTERED SOCIETY WITH ITS MANAGEMENT.

Between the Advance Society at Delisch, represented by the undersigned Committee on the one side, and the undersigned Management, to wit : —

Mr. A. as Director ;

Mr. B. as Treasurer ;

Mr. C. as Comptroller ;

on the other side, has been executed, after approval by the General Meeting, the following contract : —

§ 1.

The master joiner, Mr. A., here present, as Director ; the master bookbinder, Mr. B., here present, as Treasurer ; and the merchant, Mr. C., here present, as Comptroller, undertake the labors and responsibilities incumbent upon them in such capacities, according to the Society Constitution of the 16th November, 1867, regulating the business and banking affairs of the ——— Association, which they have themselves executed in token of their assent thereto, for the period between ——— and ——— and bind themselves punctually to conform to the same in the discharge of their respective offices ; reserving, nevertheless, the power of resigning the same, by giving one quarter's notice at the expiration of the first year of service.

§ 2.

They likewise bind themselves to employ and pay a special careful messenger for the collection of monthly assessments, and

the repayment of loans by members, as well as for other commissions and orders in Society affairs. The Treasurer and Comptroller make good to the Treasury any sums embezzled by the said messenger.

§ 3.

For the defraying of the current expenses of the administration, for their own compensation and that of the President and Secretary of the Committee, as well as of the messenger aforesaid, the three aforesaid members of the Management receive yearly during their term of office one quarter of the interest coming in from the loan receivers. Out of this they are to furnish the requisite banking and account books, lists, business forms, &c., stamps for the business notes of the Society, to defray the carriage of letters and money remittances with other business expenses, and so to divide the remainder among themselves for their official labors that the Director may receive $\frac{5}{23}$; the Treasurer $\frac{12}{23}$; and the Comptroller $\frac{6}{23}$ thereof.

§ 4.

The President and the Secretary of the Committee receive out of the amount appropriated in the preceding section to the Management, the sum of 20 thalers a year for the labors connected with their office.

§ 5.

The Treasurer has to pay in to the Society Treasury a security of 500 thalers cash. Besides this, for the increase of his security, the Treasurer is bound to leave one-third of his salary in the Treasury, until the said security has reached the sum of 1000 thalers.

§ 6.

In case the Managers, together or separately, shall be dismissed from office, before the expiration of their term, for non-fulfilment of the duties incumbent upon them under the Association law of July 4, 1868, under the Constitution of the ——— Association, or under the present contract, the said Managers renounce all claim against the Society for indemnification, on account of the

compensation assured to them by this contract or otherwise, from the moment of the pronouncing of such dismissal by the General Meeting. Should this ultimate dismissal be preceded by a preliminary suspension by the Committee, the renunciation takes effect from the day of the said suspension.

The preceding provisions hold good likewise in case the dismissal takes place on account of incapacity in the person of the Managers for the regular fulfilment of the function undertaken, also in case they lose their legal capacity or their civil rights.

Delisch, the ——— day of ——— 18 —

THE MANAGEMENT.

(Signatures.)

THE COMMITTEE.

(Signatures.)

VII.

“RAW-MATERIAL” AND “MAGAZINE” ASSOCIATIONS.*

Raw-Material Associations.

. . . For the comprehension of statistics we set forth the chief points of their organization.

1. The capital necessary for the purchase of the raw material is obtained upon the responsibility *in solido* of all the members, or the goods themselves are bought on credit on a like security.

2. The sale of the goods out of the common stock to members, follows at an average increase of four to eight per cent over the cost price. Out of the surplus obtained by this increase, all the business expenses are covered; viz., interest to creditors, costs of the administration, inclusive of rent of buildings and salary of officers, and besides this, as a rule, a not insignificant net profit is attained, which is distributed to members in proportion to the amounts paid into the Society Chest during the business year for goods taken.

3. A special Society Fund of business shares of members and reserve is formed, generally in the case of many mostly new Societies, by withholding members' dividends of the profits, but besides and in addition by the payment of a monthly tax, exactly as with the Loan Societies.

4. Officials, especially the Store-keeper, Treasurer, and Superintendent, are recompensed by a proportion of the receipts of sales, which proportion, in exclusively Raw-Material Societies, generally

* The translator cannot refrain from adding another short extract from the report already cited, explanatory of the nature of two other branches of the Associations organized under the German Law. No one can fail to see the immense advantages enjoyed by the industrious and independent artisan who is a member of three well-conducted Societies, viz., Advance and Credit (People's Bank), Raw-Material, and Magazine Associations, at the same time.

amounts to from two to three per cent on the whole, out of which the Store-keeper (so long as it is not a shop for public sale) hires the building for the keeping of the stock, and sees to its giving out to the members. Inclusive of further costs and charges, the administration claims some three and a half to four per cent; so that of the aforementioned increase there remains still two to three per cent. Since now the investing (turning over) of the business capital takes place from two to four times a year, whereby this surplus is raised to eight to ten per cent, there results still a pretty balance, even deducting interest to creditors at four or five per cent, provided the business is managed with reasonable intelligence.

[The author then proceeds to warn these Societies, most earnestly, against the increasing evil of giving too extended credit to members for the stock furnished. He deplors the increasing habit of the community to buy wares on credit from the workman, driving him in turn to seek credit from his Society whence he obtains his stock, and concludes by enumerating the conditions under which credit should be given, if at all, by the Society to members. These are, 1st, To proportion the credit given to the members' respective "business shares;" 2d, To watch carefully that the Store-keeper does not exceed the amount of credit which he is entitled to give at his own peril; 3d, To always require interest or an increase on the cash price of stock; and, 4th, To avoid book-debts by taking a note for the amount with interest at a fixed term.]

But if, instead of employing these prudential measures, the Societies furnish credit without sufficient security, the members will soon receive more credit than is proportioned to their circumstances, and then losses in capital for the Society are infallible. Where, moreover, no interest is required for credit, but goods are furnished on credit under the same conditions as for cash, a premium is offered on borrowing, and the member caused to buy only on credit from the Society. Therefrom arise important losses in interest which speak for themselves, and what is still worse the whole business capital changes itself in time into book-debts, whose payment the members postpone as long as possible. The Society possesses no money over for its cash purchases which are always preferable, but must buy on credit, and therefore pay dearer for worse goods, and finally, as the book-debts come in more slowly than the Society creditors demand payment, must borrow money on interest to satisfy them. Although every intel-

ligent man must see that in this manner, not only are all the advantages of the purchase in gross lost again, but that a Society under such circumstances cannot continue to exist, and that besides in the unavoidable bankruptcy the thrifty and solid members generally suffer most; yet these same faults are ever again repeated, and every year cause the overthrow and bring to the ground a certain number of Raw-Material Associations. But in spite of all this, our craft-masters, in many places, carry on still the battle against the multiplication table, untroubled by the sad experiences which their fellows have elsewhere undergone.

The Magazine Associations

Have for object the establishing of a common-sales warehouse, in which each member entitled is respectively bound to expose for sale, on his own account, the wares made by him in his private business, and they often join hereto a business in raw materials for the benefit of members. Thirty-seven Associations of this sort are carried on List E, and Table H gives the closing balances of five of them. The most important among the latter is, as in previous years, the Hall of Industry, at Mayence, whose business has increased in a very satisfactory manner in the last year. Also the Furniture Magazine of Wagner & Co. has attained much higher sales than in past business years. Unfortunately the condition otherwise of this Society cannot be judged, since the final statement contains no balance-sheet. The prospects also of the Breslau Furniture Hall are again favorable, since important losses caused, some years ago, by deceit and embezzlement, are fully covered. As a particularly fortunate creation in this department, we must mention the Arms and Weapons Magazine Society, of Rosch, Steyer, & Co., at Suhl, whose performances have found recognition by connoisseurs, and have caused the Prussian Ministry of War to give out contracts to the Society. The number of existing Magazine Societies can be estimated certainly at seventy to eighty, with about 1600 members, and a trade of nearly three millions of thalers.

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